



FOR IMMEDIATE RELEASE

MIDF REVIEWS BUDGET 2022

Kuala Lumpur, 29 October 2021 – After a prolonged battle with the resurgence of the COVID-19 global pandemic due to the emergence of the Delta variant, Budget 2022 sets the stage to support the recovery of Malaysia’s economy next year. The strategic focuses of the Budget include driving economic recovery especially in the worst hit sectors such as tourism, rebuilding national resilience to be better equipped to face any future pandemics, digital transformation, and catalysing reforms to improve the efficiency of the public sector as well as emphasis on the elements of ESG in the Government.

The Government is projecting better growth in Malaysia’s economy next year. Gross domestic product (GDP) is forecasted to grow 5.5% to 6.5% in 2022, from 3.0% to 4.0% estimated for this year. MIDF Research expects that the economy to continue its recovery path in 2022 following the reopening of the economy. For 2021, we maintain our forecast of 4.6% growth.

MIDF Research opines that Budget 2022 is a holistic approach to rehabilitate Malaysia’s socio-economy. It provides support to segments of the Rakyat and businesses impacted by the COVID-19 pandemic, whilst catalysing the economy to ensure that growth returns stronger and is more sustainable. Measures such as “Bantuan Keluarga Malaysia” with RM8.2 billion allocation, multiple initiatives to enhance areas of education, training and upskilling, and acknowledging the role of women in our society via various women development measures highlights this.

Supporting and boosting business activities especially for the Micro, Small and Medium Enterprises (MSME) has also been given strong emphasis. Access to financing with



various loans and financing, and credit guarantee schemes have been made as one of the key initiatives to ensure businesses especially MSMEs will be able to recover and thrive after enduring a difficult period this year. MIDF along with various other development finance institutions have committed to supporting the recovery of the MSMEs. With the recovery in economic activities and the creation of new job opportunities, in tandem with the wage support provided by the Government, these activities would contribute towards ensuring a lower unemployment rate next year. We believe that employment will return on its growth path.

The Budget provides continuing assistance to the Rakyat via the additional allocation of RM23 billion into the COVID-19 fund. With the bulk of allocation going towards cash assistance, social assistance, support to vulnerable groups and wage subsidy programme which will be carried over from last year. It is hoped that this will ensure support for the well-being of the Rakyat. It is noted that 2022 will be the final year of COVID-19 fund.

MIDF Research is unsurprised by the expansionary Budget especially with the larger gross Development Expenditure (DE) of RM75.6 billion, where majority will be to fund ongoing projects while new projects amounted to RM8.7 billion. Projects and programmes with high multiplier impact will continue to be focused on especially in transport, trade and industry, as well as energy and public utilities. MIDF Research views positively that credence has been given to strengthen entrepreneurial capabilities including MSMEs, agriculture subsector, education and training, and the healthcare system. It believes that this falls in line with the aspiration of the 12th Malaysia Plan and will provide the necessary impetus for the recovery of the economy.

Commenting on the budget, MIDF Group Managing Director, Dato' Charon bin Mokhzani said "this Budget will help us recover from the effects of the pandemic and set us on the right path towards long-term growth. We welcome the cash aid to those in need as well the focus on education and children. The government has maintained a



balance between investing for the future, such as in technology and enhancing TVET, while at the same providing aid to those who have been badly affected by the pandemic.”

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About MIDF

The MIDF group carries out investment banking, development finance and asset management. It serves entrepreneurs as well as large corporations and institutions.

Malayan Industrial Development Finance Ltd (now MIDF) was established in 1960 following the recommendations of the World Bank on how to finance the industrialisation of Malaya, and over the last 61 years the MIDF Group has been part of the development and modernization of Malaysia’s economy and capital markets.

MIDF is a wholly-owned subsidiary of Permodalan Nasional Berhad.

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